



Q1 2026

Markets in Focus

PROPERTY & CASUALTY

Market Update



INTRODUCTION

Commercial insurance leaders are navigating a market shaped by bigger jury awards, higher repair and medical costs, and tighter underwriting. Rates continue to trend upward across several key lines, but the differentiator now is how effectively an organization understands, manages, and communicates its overall risk.

Some parts of the market are starting to soften, especially for well-run accounts. That creates opportunities to improve pricing, add capacity, or adjust coverage if renewals are planned early and the story behind the risk is clear.



PREMIUM CHANGES BY LINE IN Q4 2025

↑ COMM'L AUTO
6.6%

↓ WORKERS' COMP
-2.4%

↓ COMM'L PROPERTY
-0.7%

↑ GEN'L LIABILITY
1.6%

↑ UMBRELLA
4.7%

Source: CIAB Commercial Property/
Casualty Market Index Q4 2025¹



COVERAGE HIGHLIGHTS

PROPERTY MARKET

Property is one of the clearest bright spots right now. Rates are easing, and capacity is returning, which can create savings, especially for larger and more complex programs. At the same time, insurers are closely watching profitability; accounts still need strong engineering, clean data, and a clear view of catastrophe exposure.

Competition is increasing as established carriers expand and new capacity enters the market. That is good news for buyers, but it also means underwriters will pick their spots and push for details on protection, maintenance, valuations, and business continuity.

Industry data shows property rates have been trending down since Q3 2024. In Q4 2025, rates fell about 8%, reflecting stronger competition and added capacity, supported in part by lower reinsurance costs.²

In the field, the most aggressive pricing is on larger, complex property programs. Shared and layered placements are frequently delivering double-digit rate decreases, which is helping property-heavy buyers. Deductibles, especially wind and hail, continue to move down in many placements, and some package carriers are showing greater flexibility on tougher property risks. London remains an important source of capacity, but U.S. property markets are often leading on price right now.

IN Q4 2025,
RATES FELL
ABOUT **8%**



CASUALTY MARKET

Casualty remains the most challenging part of the insurance portfolio. To stay sustainable beyond 2026, insurers are pushing for better loss models, greater transparency, and a legal environment.

+ **Workers' compensation** is still a strong line for insurers, with private-carrier combined ratios below 100%. Frequency is down, but individual claim severity is creeping up, so buyers should not assume today's savings will last without strong safety and claims management.

NCCI reported workers' compensation premiums fell 3% in 2024, and the calendar-year combined ratio was 86%. Over the same period, both medical and indemnity severities increased by about 6%. Analysts expect continued downward to flat pricing pressure through 2026.³

+ **Commercial auto liability** continues to underperform. Insurers have absorbed more than \$10 billion in net underwriting losses over the past two years, with average loss severity more than doubling since 2015. Rising repair costs driven by vehicle technology and persistent social inflation remain the primary pressure points.

Buyers are investing more in loss control, telematics, and driver protocols to improve performance and protect renewal options, especially where auto losses are driving total cost.

REGIONAL MOVEMENT

+ **Midwest:** Shared and layered property structures are helping reduce wind/hail costs and, in some cases, support the removal of wind/hail buybacks to lower premiums.



CLAIMS TRENDS

Claims outcomes continue to be driven by one simple story: fewer claims are being filed, but the claims that do hit are costing more. The 2025 AIS "State of the Line" provides a clear snapshot of what is shaping loss costs and pricing decisions going into 2026.⁴

- + **Frequency keeps falling:** Claim frequency declined again in 2024, driven largely by fewer claims being filed.
- + **Workers' compensation remains a top-performing line:** 2024 marked the 8th straight year with a combined ratio under 90% and the 11th straight year of underwriting gains.

SEVERITY IS RISING FASTER THAN PRICING

In 2024, both indemnity and medical severity **increased about 6%**, outpacing wage growth (4.5%) and the workers' compensation weighted medical price index (2.8%); higher utilization also drove costs.



Sources:

- 1 Vasile, N. and West, Z. (2026, February 18). *Q4 2025 Showed Very Soft Market Conditions, According to The Council's P/C Market Survey*. Council of Insurance Agents and Brokers. <https://www.ciab.com/resources/news-release-q4-2025-showed-very-soft-market-conditions-according-to-the-councils-p-c-market-survey/>
- 2 Glenn, Donna. (2025, May 14). *State of the Line: At a Glance*. NCCI.
- 3 Glenn. (2025).
- 4 Hall, Derek. (2026, February 4). *Finding reliability in a fragmented property insurance market*. PropertyCasualty360.
- 5 Halpern, Cooper; Oncidi, Tony; and Knopp, Gregory. (2026, February 5). *Another "Nuclear" Verdict Against A California Employer — \$52 Million!* Proskauer.

California Employer Suffers \$52 Million Nuclear Verdict

A California verdict shows how fast an employment dispute can turn into a headline loss. In *Williams, et al. v. Sysco Riverside, Inc.*, Sysco drivers and yard personnel said they reported safety and food-handling concerns, such as pressure to exceed speed limits on company property, loading perishables at unsafe temperatures, and skipping safety checks, and then faced a hostile work environment that pushed them out or led to termination for pretextual reasons. A Los Angeles jury awarded \$52 million total (\$31 million compensatory and \$21 million punitive), reinforcing how social inflation and jury sentiment can create outsized outcomes.⁵ For employers, the message is practical: document safety decisions, respond quickly to concerns, train managers on the risk of retaliation, and consider whether arbitration agreements align with the organization's broader employee-relations strategy.



MARKETS IN FOCUS CONTRIBUTORS

STEPHEN DEMATTEO | *Chief Operating Officer, Northeast Region*

DREW HANNAN | *Vice President, Commercial Lines Team Lead*

ANGELA THOMPSON | *Marketing Strategist, Market Intelligence & Insights*

BRIAN SPINNER | *Marketing Specialist, Market Intelligence & Insights*

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GENERAL EDITION

INSURANCE INSIGHTS

HR INSIGHTS

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